

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS****Joe Serna, Jr. Farmworker Housing Grant Program**

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**NOTICE OF FUNDING AVAILABILITY****JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM****October 24, 2003****PROGRAM DESCRIPTION****A. Introduction**

The California Department of Housing and Community Development (hereinafter "HCD" or "Department") is pleased to announce that it is accepting applications under the Joe Serna, Jr. Farmworker Housing Grant (JSJFWHG) Program. This Notice of Funds Available (NOFA) makes approximately Thirty Five Million Dollars (\$35,000,000) available from the proceeds of bonds authorized by Proposition 46. Applications will be accepted on an "over the counter" basis until available funds are exhausted. Applications will be accepted beginning at 8:00 A.M., Pacific Standard Time, on Thursday, October 23, 2003 and until 5:00 P.M., Pacific Daylight Time, Monday, June 30, 2004 or until such time before June 30th that the Department has received what it determines to be a sufficient number of applications to reasonably use all funds currently available. HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties.

B. Program Summary

The purpose of the JSJFWHG Program is to provide grants, or loans, or both for the development, construction and/or rehabilitation of housing for agricultural workers and their families.

The Program is subject to the requirements of [Health and Safety Code Section 50517.5](#) et seq., the Farmworker Housing Grant regulations set forth in [California Code of Regulations, title 25, commencing with Section 7200](#) et seq. (referred to in this NOFA as the "FWHG regulations"), and, for multifamily projects, the newly adopted Uniform Multifamily Regulations ("UMR") set forth in California Code of Regulations, title 25, commencing with Section 8300, and more fully described below. Applicants should fully familiarize themselves with these statutes and regulations.

C. Highlighted Program Changes

In an effort to provide greater consistency among the Department's loan and grant programs, the Department created and adopted new Uniform Multifamily Regulations. These regulations apply

to all multifamily projects funded under this NOFA. The Uniform Multifamily Regulations address key underwriting and development standards including, but not limited to: site control, operating reserves, replacement reserves, cost limits and underwriting assumption necessary for developing proformas. Applicants are advised to fully familiarize themselves with these regulations.

A new JSJFWHG multifamily application has also been developed. All multifamily projects, new construction or rehabilitation, will be required to use this application. The application is available on request or may be found at the Program's website: <http://www.hcd.ca.gov/ca/fwhg>. Single-family and owner-occupied rehabilitation projects will use a slightly modified version of the existing JSJFWHG application, also available upon request or from the website.

Beginning this funding round, all multifamily rental projects that do **not** include financing from the United States Department of Agriculture/Rural Development (USDA/RD) will be reviewed, processed and underwritten by the Department's Multifamily Housing Program (MHP). Contact information for MHP is located at the end of this NOFA. Questions regarding these applications should be addressed to MHP Staff.

All single-family, owner-occupied rehabilitation, and USDA/RD-financed multifamily projects (both new and rehabilitation) will continue to be reviewed, processed, and underwritten by the JSJFWHG Staff.

All applications must be submitted to the JSJFWHG program staff per section P of this NOFA.

D. Eligible Project Sponsors

Local public entities, non-profit corporations, cooperative housing corporations, federally-recognized Indian tribes, and limited partnerships (where all of the general partners are nonprofit mutual or public benefit corporations) are eligible to apply and receive grants, loans or a combination of both.

E. Eligible Uses of Funds

Funds may be used for costs related to housing development including: land acquisition, predevelopment activities, site development, new construction, rehabilitation, and homeownership opportunities. A full list of eligible expenditures may be found at FWHG regulations Section 7206(a) and (c).

F. Ineligible Uses of Funds

The grant, loan or combination of both may not be used for a recipient's administrative costs except those directly related and necessary to a recipient's implementation of the grant, loan or combination of both. No part of the funds may be used for project organization or planning for the housing development (FWHG Regulations Section 7206(b)). It is the Program's policy that Developer Fees are considered organizational and planning costs and may not be charged to the grant, loan or combination of both.

Funds may not be used to provide direct mortgage assistance to buyers of single family homes unless the buyers are active participants in a rehabilitation or construction program sponsored and supervised by a local public entity or nonprofit corporation.

G. Eligible Projects

Projects, with the exception of scattered-site homeownership and owner-occupied rehabilitation projects, are limited to **single sites** and **single activities**. Separate applications must be submitted for multiple sites or for multiple activities at the same site. Each application will be considered on its own merits and without regard for “related” applications.

Multifamily project applications received but not funded under the previous NOFA of January 24, 2003, are encouraged to reapply under this NOFA. These project applications must be submitted on the new application forms and rental projects are subject to the new Uniform Multifamily Regulations.

Single family project applications received but not funded under the previous NOFA of January 24, 2003, may be reactivated under this NOFA if the applicant submits a letter requesting their existing application be reactivated.

H. Maximum Loan and Grant Amounts

- 1) Homeownership (including rehabilitation) projects: One Million Five Hundred Thousand Dollars (\$1,500,000). All funds used in the development of a subdivision must subsequently be granted in the form of mortgage write-down assistance to individual farmworker homebuyers. The subdivision development grant requested must not exceed the total that will be subsequently granted to eligible agricultural workers.
- 2) Multifamily Rehabilitation only projects: One Million Five Hundred Thousand Dollars (\$1,500,000).
- 3) Multifamily New Construction and Multifamily Acquisition and Rehabilitation Rental projects not using 9% Low-Income Housing Tax Credits: Three Million Dollars (\$3,000,000).
- 4) Multifamily Rental projects using 9% Low-Income Housing Tax Credits: One Million Dollars (\$1,000,000).

Applicants must indicate at time of application if they will be requesting a grant, loan or a combination of grant and loan.

The Department also reserves the right to reduce the requested amount of funding for any given project based upon Staff’s analysis of the project’s financing structure and the amount of funds necessary for the project to be financially feasible and meet the Department’s underwriting requirements.

I. Match Requirements

Applicants must demonstrate, to the satisfaction of the Department that they can and will provide a “matching share” of funds in an amount at least equal to the requested grant or loan. “Matching share” means the proceeds of: Local, State, and Federal grants and loans; private loans; cash investments; in-kind contributions; or local government fee waivers that are sources, in part, of the total development or rehabilitation cost of the housing development. Applicants with rehabilitation projects who are proposing the use of in-kind contributions consisting of the value of existing structures as their matching share will have the valuation of those improvements closely scrutinized by the Department and should present adequate data about the pre-rehabilitation value of the property. In addition, the use of existing structures as in-kind match contributions will be limited to 50 percent of the required total match. Please Note: A potential excellent source of matching funds for rental projects is the United States Department of Agriculture’s Rural Housing Service (RHS). RHS typically issues a NOFA for their Section 514/516 Farm Labor Housing Loans and Grants sometime in the first two calendar months of the year. This financing also offers an opportunity for rental assistance subsidy that can greatly enhance project feasibility. Other HCD funds count as match, examples are: MHP, CalHome, CDBG and HOME funds.

J. Market Analyses

Market analyses provided as part of applications, per FWHG Regulations Section 7218(c) (8), shall specifically address demand for agricultural worker housing and the ability of local agricultural workers to pay the proposed rents or housing costs.

K. Loan and Grant Terms and Security

All recipients of funds will be required to execute and record a Grant Lien and Regulatory Agreement for the purposes of securing performance of the grant or loan conditions. In addition, recipients developing rental projects will be required to execute a Promissory Note and a Deed of Trust and record the Deed of Trust in a lien position immediately succeeding the Regulatory Agreement. Individual families assisted with grant funds will be required to execute and record a Grant Lien and Regulatory Agreement. The lien position(s) occupied by the JSJFWHG Deed of Trust and Subsequent Deed of Trust are subject to the approval of the Department. Any potential Department subordination is subject to UMR Section 8315.

Regulatory Agreement time frames:

- Loans for new construction multifamily or cooperative housing have a term of fifty five (55) years.
- Grants for new construction multifamily or cooperative housing have a term of forty (40) years.
- Grants for rehabilitation and homeownership have a term of twenty (20) years.

For projects using low-income housing tax credits, the program may loan funds to Limited Partnerships. Loans will be made at 3 percent simple interest, due and payable at the end of the fifty five (55) year term of the Regulatory Agreement.


L. Occupancy Restrictions

Eligible occupants of JSJFWHG assisted housing are individual or households with at least one person who derives, or prior to retirement or disability derived, a substantial portion of their income from agricultural employment.

M. Developer Fee and Distribution Limitations

Developer fees are not an eligible use of program funds. Developer fees paid from any source are specifically limited in any project in which the JSJFWHG Program is a financial participant. The distribution limits and developer fee rules and formula are contained in UMR Sections 8312 and 8314.

N. Prevailing Wage Requirements

Any project awarded grants or loans under this NOFA may, with certain exceptions, be defined as “public works” and may be subject to the payment of State Prevailing Wages under Section 1720 of the California Labor Code. Construction estimates and budgets should be adjusted to reflect this requirement. Any questions of interpretation regarding the Labor Code should be directed to the Director of the Department of Industrial Relations, the State department having jurisdiction  these matters.

O. Timeframes for Use of Program Funds

Successful applicants shall enter into a Standard Agreement with HCD for a term of three (3) years. The Standard Agreement will require a recipient to meet, or evidence progress in meeting, certain pre-disbursement and special conditions during the first twelve (12) months of the contract. Failure to meet this requirement may result in disencumbrance of funds and cancellation of the Standard Agreement.

For successful applicants that are proposing the use of Low Income Housing Tax Credits as part of project financing, and have not already received a reservation of tax credits, the Standard Agreement will allow the applicant to apply for such a reservation at the next two subsequent opportunities following the receipt of a JSJFWHG award. An applicant that does not receive a tax credit reservation in the timeframe described above must demonstrate, within ninety (90) days of the second tax credit application, that it has made reasonable progress toward securing acceptable alternative financing. The Department, at its sole discretion, may disencumber the funds and terminate the Standard Agreement if the Department determines that the progress demonstrated by the applicant is not satisfactory.

APPLICATION PROCEDURES

P. Application Review and Evaluation

Applications will be reviewed and analyzed in the order in which they are received. Projects, however, will not be scheduled for presentation to the Local Assistance Loan and Grant Committee (“the Committee”) until the application is deemed complete by the Department, the

amount of proposed subsidy is appropriate, and the project meets other underwriting and site and design criteria, as outlined in FWHG Regulations Sections 7204, 7206, 7208, and 7210; and, in the case of multifamily rental projects, UMR Section 8300, et seq.

Applicants must be eligible and must demonstrate their ability to proceed with construction or rehabilitation of the proposed housing development (“capacity”) (FWHG Regulations Section 7204(a) (2)). Additionally, applicants must demonstrate that they have site control that is satisfactory to the Department. The proposed housing development must be eligible per FWHG Regulations Section 7204(b), including provision of assisted units; maximize, to the greatest extent possible, occupancy by low-income agricultural households; and be “affordable” per [Sections 50052.5](#) and [50053](#) of the Health and Safety Code. All proposed uses of Program funds must be eligible per FWHG Regulations Section 7206. The Program will conduct its completeness and eligibility review within thirty (30) calendar days following receipt of an Application. Applicants will be promptly notified, in writing, of the results of this initial review. Applicants may be asked to provide corrected or additional information before passing on to the more detailed evaluation outlined below.

Only applications that are judged complete and eligible will undergo further evaluation by program staff to determine whether a positive or negative funding recommendation will be made to the Committee. That evaluation will include: a detailed analysis of the financial aspects of the project to determine if the amount of Program funds are appropriate. This analysis will include a consideration of: development and permanent financing, including other sources of subsidy; operating budget projections; and, overall cost effectiveness. Additional information may be solicited from the applicant during this process. Following this evaluation, Staff will present their findings to the Committee. All applicants whose projects are to be presented to the Committee will be notified of the date, time, and place of the meeting. Applicants will be notified in writing of the Committee’s action. An application recommended for approval by the Committee and then approved by the Director of the Department will receive an award package that contains the procedures, requirements, and any special conditions needed for grant or loan closing. An application rejected by the Department will be sent a letter informing the applicant of the reasons for such rejection and of its rights to appeal the decision.

Q. Application Packaging and Submittal

Applications are available on the Department’s web site: www.hcd.ca.gov/ca/fwhg or by mail when requested.

Applications must be delivered to one of the following addresses:

U.S. Mail

Coral Gaines
Department of Housing and Community
Development
Division of Community Affairs
P.O. Box 952054
Sacramento, CA 94252-2054

Private Carrier

Coral Gaines
Department of Housing and Community
Development
Division of Community Affairs
1800 Third Street, Room 390
Sacramento, CA 95814

Applications are to be submitted in duplicate and must be made on the forms provided by the Department. Application forms shall not be modified. Applications having material internal

inconsistencies or lacking essential information will be considered incomplete and will be held pending clarification or correction. In order to assure prompt consideration and correct evaluation, applicants are advised to pay special attention to FWHG Regulations Section 7218, "Contents of Grant Applications" and to read the Application Package carefully, being sure to provide all required information and accompanying documentation.

Projects that have already applied to USDA/RD, CalHFA, or other Departmental funding sources should submit along with the JSJFWHG Application a copy of the application (including all required attachments) submitted to the other funding sources mentioned above.

Applicants may write, call, e-mail, or visit HCD's website for an application package at the address, telephone number, e-mail address or website listed below.

Please direct your requests for applications or more information about this announcement to:

Department of Housing and Community Development
Joe Serna, Jr. Farmworker Housing Grant Program
P.O. Box 952054, MS 390-8
Sacramento, California 94252-2054
(916) 324-0695
(916) 323-3178
(916) 327-6660 (FAX)
or e-mail to: cgaines@hcd.ca.gov
website: <http://www.hcd.ca.gov/ca/fwhg>

Staff contacts for the Joe Serna Jr. Farmworker Housing Grant Program:

Pat Dyas at (916) 327-0942; pdyas@hcd.ca.gov
Rafael Galvan at (916) 327-2890; rgalvan@hcd.ca.gov

Staff contacts for the Multifamily Housing Program:

Nadine Ford at (916) 327-3942; nford@hcd.ca.gov
Mark Maldonado (916) 327-2874; mmaldona@hcd.ca.gov
Diane Snyder (916) 324-6756; dsnyder@hcd.ca.gov

Thank you for your interest in the Joe Serna, Jr. Farmworker Housing Grant Program.

Sincerely yours,

William J. Pavão
Deputy Director
Division of Community Affairs